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ASX ANNOUNCEMENT

ASX CODE: CTP

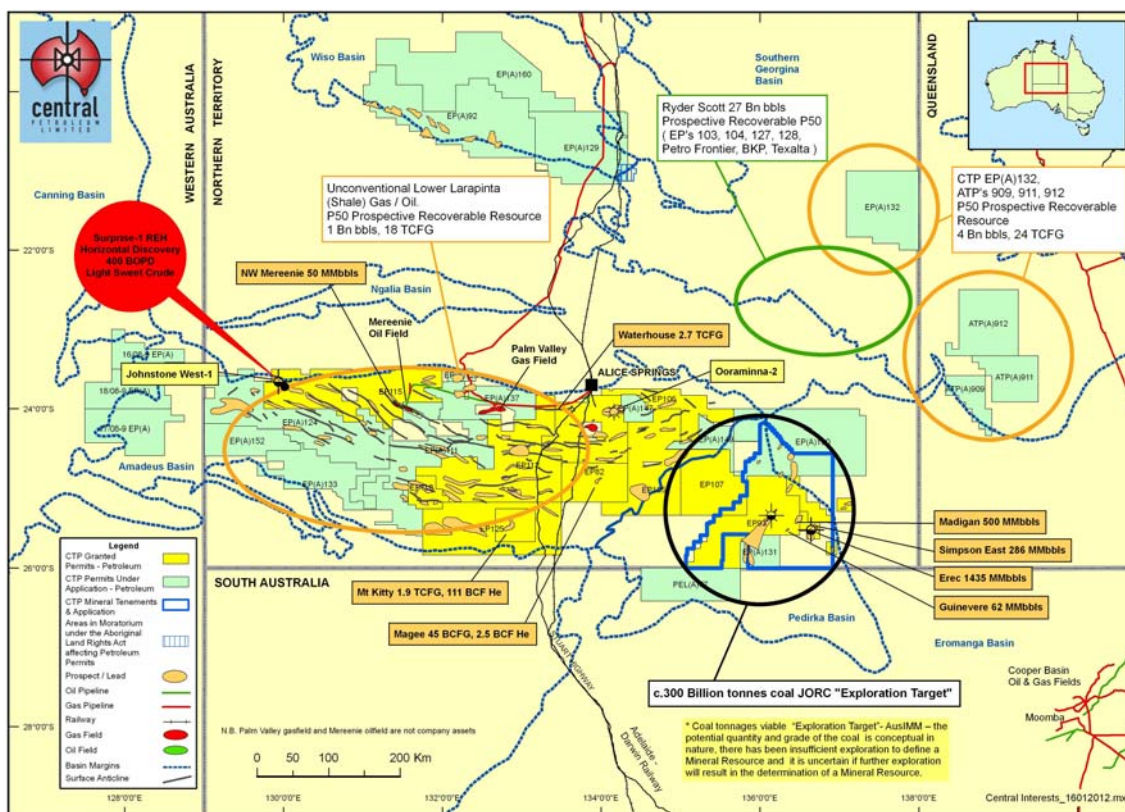
30 January 2012

TO: The Manager, Company Announcements ASX Limited

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INITIAL SURPRISE-1 REH RESERVOIR ENGINEERING REPORT POSITIVE

Central Petroleum Limited (ASX:CTP) ("Central" or the "Company") is pleased to advise that independent consultants RPS Energy Pty Ltd ("RPS") concluded that the pressure transient data gathered during the production test of Surprise-1REH indicates that the well may access STOIP ("Stock Tank Oil Initially In Place") in the range of 0.5 to 2 million barrels in an area proximal to the well. No apparent boundaries were identified during the analysis of the pressure transient data. However, Central acknowledges that no further conclusions regarding the possible range of STOIP volumes in the entire Surprise structure of c.8 km² can be made until all available seismic, geological and geophysical data has been integrated and analysed.



RPS based their calculations on a 105m section of the horizontal well bore placed in the lower half of an 8m thick sandstone reservoir section with an average permeability of 50 milliDarcies and a vertical to horizontal permeability ratio of 10%.

From the estimated reservoir pressure and the quasi-stable flowing BHP/rate, a Productivity Index (PI) of 0.65 bopd/psi can be calculated. Even though this is a transient PI and will decrease until reaching pseudo-steady state ("PSS"), the Inflow Performance Relationship ("IPR") curve suggests significant production increase potential upon greater draw-downs via artificial lift and possibly pressure maintenance in the medium to long term.

Initial flow testing of the Surprise-1REH well produced a final stable flow rate of c.400 BOPD of sweet light crude with an API Gravity averaging 40⁰.

The Company is actively planning, (subject to various approval processes, weather and access), an Extended Production Test ("EPT") of the Surprise-1REH well coupled with a sales contract for any oil produced. This is anticipated to commence in April 2012.

Wholly owned subsidiaries:

merlin ENERGY
PTY LTD
ABN 95 081 592 734

merlin COAL
PTY LTD
ABN 81 134 469 471

ordiv PETROLEUM
PTY LTD
ABN 29 111 102 697

frontier OIL & GAS
PTY LTD
ABN 91 103 194 136

helium AUSTRALIA
PTY LTD
ABN 11 078 104 006

merlin WEST
PTY LTD
ABN 59 114 346 968

central GREEN
PTY LTD
ABN 84 128 245 876

central GEOTHERMAL
PTY LTD
ABN 86 128 245 885

central PETROLEUM SERVICES
PTY LTD
ABN 57 140 628 155

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A second horizontal well prior to a 3D seismic survey of the Surprise structure and associated prospects and leads is under consideration. This is subject to further analysis of all data available which may result in a decision to postpone further drilling until a 3D survey can be conducted and the results of the EPT of Surprise-1REH are available. If a second well is drilled, it too is planned to be placed on an Extended Production Test with an associated sales contract for oil produced.

John Heugh



Managing Director
Central Petroleum Limited

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General Disclaimer and explanation of terms:

Any results or conclusions reported herein are based on preliminary data analysis and may be subject to change as more data becomes available. Nothing in this report represents or should be construed to represent any conclusions as to the ultimate flow capability of the well or to its commercial significance. Such conclusions must await, inter alia, further cleanup flow testing, extended production testing, data analysis and economic studies of potential commercial production and marketing scenarios.

Central is not the sole source of the information in the RPS report referred to above and Central has not verified its content. The content of the RPS report may have in part been derived from outside sources and may be based on assumptions and other unknown factors. The RPS report is not intended to be comprehensive analysis of the potential of the Surprise structure nor does it constitute legal or other professional advice. The RPS report should not be used or relied upon as a substitute for professional advice which should be sought before applying any information in the RPS report or any information or indication derived from the RPS report, to any particular circumstance. The RPS report is of a general nature and does not take into account your objectives, financial situation or needs. Before acting on any of the information in the RPS report you should consider its appropriateness, having regard to your own objectives, financial situation and needs. To the maximum extent permitted by law, neither Central nor RPS gives any undertaking, representation, guarantee or warranty concerning the truth, falsity, accuracy, completeness, currency, adequacy or fitness for purpose of any information in the RPS report or the summary of its conclusions in this announcement.

NOTICE: The participating interests of the relevant parties in the respective permits and permit applications which may be applicable to this announcement are:

- EP-82 (excluding the Central subsidiary Helium Australia Pty Ltd ("HEA") and Oil & Gas Exploration Limited ("OGE") (previously He Nuclear Ltd) Magee Prospect Block) - HEA 100%
- Magee Prospect Block, portion of EP 82 – HEA 84.66% and OGE 15.34%.
- EP-93, EP-105, EP-106, EP-107, EPA-92, EPA-129, EPA 130, EPA-131, EPA-132, EPA-133, EPA-137, EPA-147, EPA-149, EPA-152, EPA-160, ATP-909, ATP-911, ATP-912 and PELA-77 - Central subsidiary Merlin Energy Pty Ltd 100% ("MEE").
- The Simpson, Bejah, Dune and Pellinor Prospect Block portions within EP-97 – MEE 80% and Rawson Resources Ltd 20%.
- EP-125 (excluding the Central subsidiary Ordiv Petroleum Pty Ltd ("ORP") and OGE Mt Kitty Prospect Block) and EPA-124 – ORP 100%.
- Mt Kitty Prospect Block, portion of EP 125 - ORP 75.41% and OGE 24.59%.
- EP-112, EP-115, EP-118, EPA-111 and EPA-120 - Central subsidiary Frontier Oil & Gas Pty Ltd 100%.
- PEPA 18/08-9, PEPA 17/08-9 and PEPA 16/08-9 - Central subsidiary Merlin West Pty Ltd 100%.

Potential volumetrics of gas or oil may be categorised as Undiscovered Gas or Oil Initially In Place (UGIIP or UOIIP) or Prospective Recoverable Oil or Gas in accordance with AAPG/SPE guidelines. Since oil via Gas to Liquids Processes (GTL) volumetrics may be derived from gas estimates the corresponding categorisation applies. Unless otherwise annotated any potential oil, gas or helium UGIIP or UOIIP figures are at "high" estimate in accordance with the guidelines of the Society of Petroleum Engineers (SPE) as preferred by the ASX Limited but the ASX Limited takes no responsibility for such quoted figures.

As new information comes to hand from data processing and new drilling and seismic information, preliminary results may be modified. Resources estimates, assessments of exploration results and other opinions expressed by CTP in this announcement or report have not been reviewed by relevant Joint Venture partners. Therefore those resource estimates, assessments of exploration results and opinions represent the views of Central only. Exploration programmes which may be referred to in this announcement or report have not necessarily been approved by relevant Joint Venture partners and accordingly constitute a proposal only unless and until approved. All exploration is subject to contingent factors including but not limited to weather, availability of crews and equipment, funding, access rights and joint venture relationships.

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